NOTIFICATION

(Law Department)

No. LAW 25 LCA 65, Bangalore, dated 15th March 1965.

Ordered that the Banking Laws (Application to Co-operative Societies) Bill, 1964 (85 of 1964) which has been published in the *Gazette of India*, Extraordinary, Part II, Section 2, dated the 17th December 1964. be republished in the *Mysore Gazette*, for general information.

By Order and in the name of the Governor of Mysore,

H. K. Ananthasubba Rao,
Under Secretary to Government,
Law Department.

LOK SABHA

The following Bill was introduced in Lok Sabha on the 17th December, 1964:—

BILL No. 85 OF 1964

A Bill further to amend the Reserve Bank of India Act, 1934 and the Banking Companies Act, 1949 for the purpose of regulating the banking business of certain co-operative societies and for matters connected therewith.

BE it enacted by Parliament in the Fifteenth Year of the Republic of India as follows:—

CHAPTER I

1. *Short title and commencement.*—(*1*) This Act may be called the Banking Laws (Application to Co-operative Societies) Act, 1964.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

CHAPTER II

AMENDMENT OF THE RESERVE BANK OF INDIA ACT, 1934

2. *Amendment of section* (*2*)— In section 2 of the Reserve Bank of India Act, 1934 (2 of 1934.)

hereinafter in this Chapter referred to as the principal Act),—

(*i*) clauses (*a*) and (*aa*) sha'l be re-lettered as clauses (*ai*) and (*aii*) respectively, and before clause (*ai*) as so re-lettered, the following clause shall be inserted, namely:

'(*a*) "agricultural operations" includes animal husbandry and allied activities jointly undertaken with agricu'tural operations;';

(*ii*) for clause (*bb*), the following clauses shall be substituted, namely:—

'(*bi*) "central co-operative bank" means the principal co-operative society in a district in a State the primary object of which is the financing of other co-operative societies in that district:

Provided that in addition to such principal society in a district or where there is no such principal society in a district, the State Government may declare any one or more co-operative societies carrying on the business of financing other co-operative societies in that district to be a central co-operative bank or banks within the meaning of this definition;

(*bii*) "co-operative bank" means a State co-operative bank, a central co-operative bank and a primary co-operative bank;

(*biii*) "co-operative credit society" means a co-operative society, the primary object of which is to provide financial accommodation to its members and includes a co-operative land mortgage bank;

(*biv*) "co-operative society" means a society registered, or deemed to be registered, under the Co-operative Societies Act, 1912 (2 of 1912) or any other law relating to co-operating societies for the time being in force in any State;

(*bv*) "crops" includes products of agricultural operations;';

(*iii*) clauses (*bbb*) and (*bbbb*) shall be re-lettered as clauses (*bvi*) and (*bvii*) respectively, and after clause (*bvii*) as so re-lettered, the following clause shall be inserted, namely:—

'(*bviii*) "director", in relation to a co-operative society, includes a member of any committee or body for the time being vested with the management of the affairs of that society;';

(*iv*) after clause (*c*), the following clauses shall be inserted, namely:—

'(*ci*) "marketing of crops" includes the processing of crops prior to marketing by agricultural producers or any organization of such producers;

(*cii*) "primary agricultural credit society" means a co-operative society,—

(1) the primary object or principal business of which is to provide financial accommodation to its members for agricultural purposes or for purposes connected with agricultural activities (including the marketing of crops); and

(2) the bye-laws of which do not permit admission of any other co-operative society as a member;

(*ciii*) "primary co-operative bank" means a co-operative society, other than a primary agricultural credit society,—

(1) the primary object or principal business of which is the transaction of banking business;

(2) the paid-up share capital and reserves of which are not less than one lakh of rupees; and

(3) the bye-laws of which do not permit admission of any other co-operative society as a member;

(*civ*) "primary credit society" means a co-operative society, other than a primary agricultural credit society, —

(1) the primary object or principal business of which is the transaction of banking business;

(2) the paid-up share capital and reserves of which are less than one lakh of rupees; and

(3) the bye-laws of which do not permit admission of any other co-operative society as a member;

Explanation.—If any dispute arises as to the primary object or principal business of any co-operative society referred to in this clause or clause (*cii*) or clause (*ciii*), a determination thereof by the Bank shall be final.';

(*v*) clause (*ee*) shall be re-lettered as clause (*ei*);

(*vi*) in clause (*f*), for the words beginning with "the principal society" and ending with "are deemed to be so registered", the words "the principal co-operative society in a State, the primary object of which is the financing of other co-operative societies in the State" shall be substituted.

3. *Amendment of section 10.*— In section 10 of the principal Act, for clause (*e*) of sub-section (*1*), the following clause shall be substituted, namely:—

"(*e*) is a director of a banking company within the meaning of clause (*c*) of section 5 of the Banking Companies Act, 1949, (10 of 1949) or of a co-operative bank.".

4. *Amendment of section 17.*— In section 17 of the principal Act, in clause (*2*), *Explanation* to sub-clause (*b*) shall be omitted.

5. *Amendment of section 18.*— In section 18 of the principal Act, in clause (*3*) of sub-section (*1*), after the words and figures "the Banking Companies Act, 1949" the words "or to a State co-operative bank or, on the recommendation of the State co-operative bank, to any other co-operative bank" shall be inserted.

6. *Amendment of section 42.*— In section 42 of the principal Act,—

(*i*) in sub-section (*1*), for clause (*c*) of the *Explanation*, the following clause shall be substituted namely:—

'(*c*) "liabilities" shall not include—

'(*i*) the paid-up capital or the reserves or any credit balance in the profit and loss account of the bank,

(*ii*) the amount of any loan taken from the Bank or from the Development Bank or from the Agricultural Refinance Corporation or from the State Bank or from any other bank notified by the Central Government in this behalf, and

(*iii*) in the case of a State co-operative bank, also any loan taken by such bank from a State Government and any deposit of money with such bank representing the reserve fund or any part thereof required to be maintained with it by any co-operative society within its area of operation;';

(*ii*) in sub-section (*6*), in sub-clause (*iii*) of clause (*a*), for the words "is a company", the words "is a State co-operative bank or a company" shall be substituted.

7. *Omission of section 44.*— Section 44 of the principal Act shall be omitted.

8. *Amendment of section 45H.*— In section 45H of the principal Act, after the words and figures "section 51 of that Act", the words "or a co-operative bank or a primary agricultural credit society or a primary credit society" shall be inserted.

9. *Amendment of section 45I.*— In section 45I of the principal Act, in clause (*e*), after the word "corporation,", the words "co-operative society" shall be inserted.

CHAPTER III

AMENDMENT OF THE BANKING COMPANIES ACT, 1949

10. *Amendment of long title and preamble* In the Banking Companies Act, 1949 (10 of 1949) hereinafter in this Chapter referred to as the principal Act, in the long title and in the preamble, the word "companies" shall be omitted.

11. *Amendment of section (1)—1* In section 1 of the principal Act, in sub-section (*1*), for the word "Companies", the word "Regulation" shall be substituted.

(2) Any reference to the Banking Companies Act, 1949 (10 of 1949) in any law for the time being in force, or in any instrument or other document, shall be construed as a reference to the Banking Regulation Act, 1949.

12. *Substitution of new section for section 3. Act to apply to co-operative societies in certain cases.* For

section 3 of the principal Act, the following section shall be substituted, namely: —

"3. Nothing in this Act shall apply to —

(*a*) a primary agricultural credit society;

(*b*) a co-operative land mortgage bank; and

(*c*) any other co-operative society, except in the manner and to the extent specified in Part V.".

13. *Amendment of section 18.*— In section 18 of the principal Act, in clause (*b*) of the *Explanation*, for the words "the Refinance Corporation for Industry Limited,", the words "the Industrial Development Bank of India or from the Agricultural Refinance Corporation" shall be substituted.

14. *Insertion of new Part V.*— In the principal Act, after Part IV, the following Part shall be inserted, namely:—

PART V

Application of the Act to Co-operative Banks

56. *Act to apply to co-operative societies subject to modifications.*— The provisions of this Act, as in force for the time being, shall apply to or in relation to, co-operative societies as they apply to, or in relation to, banking companies subject to the following modifications, namely:—

(*a*) Throughout this Act, unless the context otherwise requires,—

(*i*) references to a "banking company" or "the company" or "such company" shall be construed as references to a co-operative bank,

(*ii*) references to "commencement of this Act" shall be construed as references to comme cement of the Banking Laws (Application to Co-operative Societies) Act, 1964;

(*b*) in section 2, the words and figures "the Companies Act, 1956, and" shall be omitted;

(*c*) in section 5, --

(*i*) after clause (*cc*), the following clause shall be inserted, namely: –

'(*ccc*) "central co-operative bank", "co-operative bank", "co-operative society", "director", "primary agricultural credit society", "primary co-operative bank", "primary credit society" and "State co-operative bank" shall have the meanings respectively assigned to them in the Reserve Bank of India Act, 1934, (2 of 1934)

(*ii*) clauses (*ff*) and (*h*) shall be omitted;

(*d*) for section 5A, the following section shall be substituted, namely: –

Act to override bye-laws etc.—

"5A. (*1*) The provisions of this Part shall have effect, notwithstanding anything to the contrary contained in the bye-laws of a co-operative society, or in any agreement executed by it, or in any resolution passed by it in general meeting, or by its Board of directors or other body entrusted with the management of its affairs, whether the same be registered, executed or passed, as the case may be, before or after the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1964.

(*2*) Any provision contained in the bye-laws, agreement or resolution aforesaid shall, to the extent to which it is repugnant to the provisions of this Part, become or be void, as the case may be.":

(*e*) in section 6, in sub-section (*1*), –

(*i*) in clause (*b*), the words ,"but excluding the business of a managing agent or secretary and treasurer of a company" shall be omitted;

(*ii*) in clause (*d*), after the word "company,", the words "co-operative society," shall be inserted;

(*iii*) in clause (*m*), after the word "company", the words "or co-operative society" shall be inserted;

(*f*) for section 7, the following section shall be substituted, namely:—

7. *Use of word "bank", "banker", or "banking"*.— (1) No co-operative society other than a co-operative bank shall use as part of its name any of the words "bank", "banker" or "banking" and no co-operative society shall carry on the business of banking in India unless it uses as part of its name at least one of such words.

(2) Nothing in this section shall apply to—

(*a*) a primary credit society, or

(*b*) a co-operative society formed for the protection of the mutual interests of co-operative banks or co-operative land mortgage banks.';

(*g*) section 10 shall be omitted;

(*h*) for section 11, the following section shall be substituted, namely:—

11. *Requirement as to minimum paid-up capital and reserves* — (1) Notwithstanding any law relating to co-operative societies for the time being in force, no co-operative bank shall commence or carry on the business of banking in India unless the aggregate value of its paid-up capital and reserves is not less than one lakh of rupees.

Provided that nothing in this sub-section shall apply to—

(*a*) any such bank which is carrying on such business at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1964, for a period of three years from such commencement; or

(*b*) to a primary credit society which becomes a primary co-operative bank after such commencement, for a period of two years from the date it so becomes a primary co-operative bank or for such further period not exceeding one year as the Reserve Bank, having regard to the interests of the depositors of the primary co-operative bank, may think fit in any particular case to allow.

(2) For the purposes of this section, "value" means the real or exchangeable value and not the nominal value which may be shown in the books of the co-operative bank concerned.

(3) If any dispute arises in computing the aggregate value of the paid-up capital and reserves of any such co-operative bank, a determination thereof by the Reserve Bank shall be final for the purposes of this section.";

(*i*) sections 12, 12A, 13 and 15 to 17 shall be omitted;

(*j*) for section 18, the following section shall be substituted, namely:—

18. *Cash reserve.*— 'Every co-operative bank, not being a State co-operative bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934, (2 of 1934) shall maintain in India by way of cash reserve with itself or in current account opened with the Reserve Bank or the State Bank of India or the State co-operative

bank of the State concerned or with any other bank notified by the Central Government in this behalf or, in the case of a primary co-operative bank, with the central co-operative bank of the district concerned or partly in cash with itself and partly in such account or accounts, a sum equivalent to at least three per cent, of the total of its time and demand liabilities in India, and shall submit to the Reserve Bank before the 15th day of every month a return showing the amount so held on Friday of each week of the preceding month with particulars of its time and demand liabilities in India on each such Friday or, if any such Friday is a public holiday under the Negotiable Instruments Act, 1881, (26 of 1881) at the close of business on the preceding working day.

Explanation.—In this section and section 24 "liabilities in India" shall not include,—

(*a*) the paid-up capital or the reserves or any credit balance in the profit and loss account of the co-operative bank:

(*b*) any advance taken from a State Government, the Reserve Bank, the State Bank of India the Industrial Development Bank of India, the Agricultural Refinance Corporation or any bank notified by the Central Government under clause (c) of the *Explanation* to sub-section (1) of section 42 the Reserve Bank of India Act, 1934, (2 of 1934).

(*c*) in the case of a central co-operative bank, also any advance taken by it from the State co-operative bank of the State concerned and any deposit of money with it representing the reserve fund or any part thereof required to be maintained with it by any other co-operative society within the area of its operation;

(*d*) in the case of a primary co-operative bank, also any advance taken by it from the State

co-operative bank of the State concerned or the central co-operative bank of the district concerned.';

(*k*) for section 19, the following section shall be substituted, namely: —

"19. *Restriction on holding shares in other co-operative societies* —No co-operative bank shall hold shares in any other co-operative society except to such extent and subject to such conditions as the Reserve Bank may specify in that behalf:

Provided that nothing contained in this section shall apply to—

(*i*) shares acquired through funds provided by the State Government for that purpose;

(*ii*) in the case of a central co-operative bank, the holding of shares in the State co-operative bank to which it is affiliated;

(*iii*) in the case of a primary co-operative bank, the holding of shares in the central co-operative bank to which it is affiliated or, where there is no such central co-operative bank, shares in the State co-operative bank of the State in which it is registered:

Provided further that where any shares are held by a co-operative bank in contravention of this section at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1964, the co-operative bank shall without delay report the matter to the Reserve Bank and shall, notwithstanding anything contained in this section, be entitled to hold the shares for such period and on such conditions as the Reserve Bank may specify.";

(*l*) in section 20, in sub-section (1),—

(*i*) the words and figures "Notwithstanding anything to the contrary contained in section 77

of the Companies Act, 1956 (1 of 1956) shall be omitted;

(*ii*) for the proviso, the following proviso shall be substituted, namely:—

"Provided that nothing in clause (*b*) shall apply to the grant of unsecured loans or advances—

(*a*) made by a co-operative bank—

(*i*) against bills for supplies or services made or rendered to Government or bills of exchange arising out of *bona fide* commercial or trade transactions, or

(*ii*) in respect whereof trust-receipts are furnished to the co-operative bank;

(*b*) made by a primary co-operative bank to any of its directors within such limits and on such terms and conditions as may be approved by the Reserve Bank in this behalf.";

(*m*) in section 20A, in sub-section (1), the words and figures "Notwithstanding anything to the contrary contained in section 293, of the Companies Act, 1956," (1 of 1956) shall be omitted;

(*n*) in section 21, in sub-section (2), in clauses (c) and (d), for the words "any one company, firm, association of persons or individual", the words "any one party" shall be substituted:

(*o*) in section 22,—

(*i*) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:

"(1) Save as hereinafter provided, no co-operative society shall carry on banking business in India unless —

(*a*) it is a primary credit society, or

(*b*) it is a co-operative bank and holds a licence issued in that behalf by the Reserve Bank, subject to such conditions, if any, as the Reserve Bank may deem fit to impose:

Provided that nothing in this sub-section shall apply to a co-operative society, not being a primary credit society or a co-operative bank carrying on banking business at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1964, for a period of one year from such commencement.

(2) Every co-operative society carrying on business as a co-operative bank at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1964, shall before the expiry of three months from such commencement, every primary credit society which becomes a primary co-operative bank after such commencement shall before the expiry of three months from the date on which it so becomes a primary co-operative bank and every co-operative society other than a primary credit society shall before commencing, banking business in India, apply in writing to the Reserve Bank for a licence under this section:

Provided that nothing in clause (*b*) of sub-section (1) shall be deemed to prohibit a co-operative society carrying on business as a co-operative bank at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1964, and a primary credit society which becomes a primary co-operative bank after such commencement, from carrying on banking business until it is granted a licence in pursuance of this section or is by notice in writing informed by the Reserve Bank that a licence cannot be granted to it.";

(*ii*) in sub-section (3), clause (*c*) shall be omitted;

(*p*) in section 23, for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Without obtaining the prior permission of the Reserve Bank, no co-operative bank shall open a new place of business or change otherwise than within the same city, town or village, the location of an existing place of business:

Provided that nothing in this sub-section shall apply to—

(*a*) the opening for a period not exceeding one month of a temporary place of business within a city, town or village or the environs thereof within which the co-operative bank already has a place of business, for the purpose of affording banking facilities to the public on the occasion of an exhibition, a conference or a mela or any other like occasion;

(*b*) the opening of branches by a central co-operative bank within the area of its operation";

(*q*) in section 24,—

(*i*) in sub-section (1), the words "After the expiry of two years from the commencement of this Act," shall be omitted;

(*ii*) for sub-sections (2) and (2A), the following sub-sections shall be substituted, namely: —

"(2) In computing the amount for the purposes of sub-section (1), —

(*a*) any balances maintained in India by a co-operative bank in current account with the Reserve Bank or the State Bank of India or with any other bank which may be notified in this behalf by the Central Government, including in the case of a State co- perative bank, the balance required under section 42 of the Reserve Bank of India Act, 1934 (2 of 1934.) to be so maintained.

(*b*) any balances maintained by a central co-operative bank with the State co-operative bank of the State concerned, and

(*c*) any balances maintained by a primary co-operative bank with the central co-operative bank of the district concerned or with the State co-operative bank of the State concerned,

shall be deemed to be cash maintained in India.

(2A) (*a*) Notwithstanding anything contained in sub-section (1) or in sub-section (2), after the expiry of two years from the commencement of the Banking Laws (Application to Co-operative Societ es) Act, 1964, or of such further period not exceeding one year as the Reserve Bank, having regard to the interests of the co-operative bank concerned, may think fit in any particular case to allow,—

(*i*) a State co-operative bank, in addition to the average daily balance which it is, or may be, required to maintain under section 42, of the Reserve Bank of India Act, 1934, (2 of 1934) and

(*ii*) every other co-operative bank, in addition to the cash reserve which it is required to maintain under section 18,

shall maintain in India in cash, gold or unencumbered approved securities, valued at a price not exceeding the current market price, an amount which shall not at the close of business on any day be less than twenty-five per cent, of the total of its demand and time liabilities in India;

(*b*) in computing the amount for the purposes of clause (*a*),—

(*i*) any cash or balances maintained in India by a co-operative bank, other than a State co-operative bank, with itself or in current account with the Reserve Bank or the State Bank of India or the State

co-operative bank of the State concerned or with any other bank which may be notified in this behalf by the Central Government and, in the case of a primary co-operative bank, also any balances maintained with the central co-operative bank of the district concerned, in excess of the aggregate of the cash or balance or both required to be maintained under section 18, and

(*ii*) any balance maintained by a State co-operative bank with the Reserve Bank in excess of the balance required to be maintained by it under section 42 of the Reserve Bank of India Act, 1934, and any balances maintained by a State co-operative bank with the State Bank of India or with any other bank which may be notified in this behalf by the Central Government,

shall be deemed to be cash maintained in India.";

(*r*) section 25 shall be omitted;

(*s*) for sections 29 and 30, the following section shall be substituted, namely:—

29. *Accounts and balance sheet.*—"(*1*) At the expiration of each year ending with the 30th day of June, every co-operative bank, in respect of all business transacted by it, shall prepare with reference to that year a balance-sheet and profit and loss account as on the last working day of the year in the forms set out in the Third Schedule or as near thereto as circumstances admit.

(*2*) The balance-sheet and profit and loss account shall be signed by the manager or the principal officer of the bank and where there are more than three directors, of the bank, by at least three of those directors, or where there are not more than three directors, by all the directors.

(*3*) The Central Government, after giving not less than three months' notice of its intention so to

do by a notification in the *Official Gazette*, may from time to time by a like notification amend the Forms set out in the Third Schedule.";

(*t*) in section 31, for the words "within three months" and "of three months", the words "within six months" and "of six months" shall respectively be substituted;

(*u*) sections 32 to 34 shall be omitted;

(*v*) in section 34A, sub-section (3) shall be omitted;

(*w*) in section 35,—

(*i*) in sub-section (*1*),—

(*a*) for the words and figures "section 235 of the Companies Act, 1956, (1 of 1956)", the words "any law relating to co-operative societies for the time being in force" shall be substituted;

(*b*) the following proviso shall be inserted at the end, namely:—

"Provided that the Reserve Bank may, if it considers necessary or expedient so to do, cause an inspection to be made of a primary co-operative bank under this sub-section by one or more officers of a State co-operative bank in the State in which such primary co-operative bank carries on business.";

(*ii*) in sub-section (4), clause (*b*) shall be omitted;

(*iii*) the *Explanation* shall be omitted;

(*x*) in section 35A, in sub-section (1), in clause (*c*) for the words "any banking company", the words "the banking business of any co-operative bank" shall be substituted;

(*y*) section 35B shall be omitted;

(*z*) in section 36, in sub-section (1), clauses (*b*) and (*d*) shall be omitted;

(*za*) in section 36A,—

(*i*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The provisions of section 11, section 18 and section 24 shall not apply to a co-operative bank which has been refused a licence under section 22 or whose licence has been cancelled under that section or which is or has been prohibited or precluded from accepting deposits by virtue of any order made under this Act or of any alteration made in its bye-laws.";

(*ii*) after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*3*) Subject to the provisions of sub-sections (*1*) and (*2*), a co-operative society carrying on business as a primary co- perative bank at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1964, or a co-operative society which becomes a primary co-operative bank after such commencement shall, notwithstanding that it does not at any time thereafter satisfy the requirements of the definition of primary co-operative bank in clause (*ccc*) of Section 5, continue to be a primary co-operative bank within the meaning of this Act, and may, with the approval of the Reserve Bank and subject to such terms and conditions as the Reserve Bank may specify in that behalf, continue to carry on the business of banking.";

(*zb*) Part IIA, Part III, except sub-sections (*1*), (*2*) and (*3*) of Section 45, and Part IIIA except section 45W shall be omitted;

(*zc*) in section 46, in clause (*a*) of the *Explanation*, after the words "includes a", the words "co-operative society", shall be inserted;

(*zd*) in section 47, the words, brackets, figures and letters "sub-section (5) of Section 36AA or" shall be omitted;

(*ze*) section 49 shall be omitted;

(*zf*) in section 49A, for the proviso, the following proviso shall be substituted, namely:—

"Provided that nothing contained in this section shall apply to—

(*a*) a primary credit society,

(*b*) any other co-operative society accepting such deposits at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1964, for a period of one year from the date of such commencement; and

(*c*) any savings bank scheme run by the Government.";

(*zg*) sections 49B and 49C shall be omitted;

(*zh*) in section 50, the figures and letters "10, 12A, 16,", "35B," and "43A", shall be omitted;

(*zi*) section 51, shall be omitted;

(*zj*) in section 52,—

(*i*) in sub-section (*2*), the words, figures and letter "and the form in which the official liquidator may file lists of debtors to the Court having jurisdiction under Part III or Part IIIA and the particulars which such lists may contain" shall be omitted;

(*ii*) sub-section (*4*), shall be omitted;

(*zk*) for section 55 and the First Schedule, the following section shall be substituted, namely:—

55. *Act 18 of 1891 and Act 46 of 1949 to apply in relation to Co-operative Banks.*—(*1*) "The Bankers' Books Evidence Act, 1891 shall apply in relation to a co-operative bank as it applies in relation to a bank as defined in section 2 of that Act.

(2) The Banking Companies (Legal Practitioners' Clients' Accounts) Act, 1949 shall apply in relation to a co-operative bank as it applies in relation to a banking company as defined in section 2 of that Act.";

(*zl*) for the Third Schedule and the Fourth Schedule the following Schedule shall be substituted namely :—

"THE THIRD SCHEDULE

(*See* section 29)

FORM A

FORM OF BALANCE-SHEET

CAPITAL AND LIABILITIES	Rs. P.	Rs. P.	PROPERTY AND ASSETS	Rs. P.	Rs. P.
1. CAPITAL :			1. CASH :		
(*i*) Authorised Capital			In hand and with Reserve Bank, State Bank of India, State co-operative bank and central co-operative bank ...		
.....Shares of Rs .....each					
..... Shares of Rs.....each					
.....					
(*ii*) Subscribed Capital			2. BALANCES WITH OTHER BANKS :		
.....Shares of Rs.....each			(*i*) Current deposits		
.....Shares of Rs..... each			(*ii*) Savings bank deposits...		
.....			(*iii*) Fixed deposits		
(*iii*) Amount called up			3. MONEY AT CALL AND SHORT NOTICE		
On.....Shares at Rs.....each			4. INVESTMENTS :		
less calls unpaid			(*i*) In Central and State Government securities (at book value)		
On.....Shares at Rs.....each					
less calls unpaid			Face value Rs.		

Of (*iii*) above, held by

(*a*) Individuals ... ...
(*b*) Co-operative institutions ...
(*c*) State Government ... ...

2. RESERVE FUND AND OTHER RESERVES: ... ...

(*i*) Statutory Reserve ... ...
(*ii*) Agricultural (Credit Stabilization Fund) ... ...
(*iii*) Building Fund ... ...
(*iv*) Dividend Equalization Fund ...
(*v*) Special Bad Debts Reserve ...
(*vi*) Bad and Doubtful Debts Reserve
(*vii*) Investment Depreciation Reserve ... ...
(*viii*) Other Funds and Reserves (to be specified) ... ...

3. PRINCIPAL/SUBSIDIARY STATE PARTNERSHIP FUND ACCOUNT: ...

For share capital of:
(*i*) Central co-operative banks ...
(*ii*) Primary agricultural credit societies ... ...
(*iii*) Other societies ... ...

Market value Rs. ... ...
(*ii*) Other Trustee securities ... ...
(*iii*) Shares in co-operative institutions other than in item (5) below ...

(*iv*) Other investments (to be specified) ...

5. INVESTMENTS OUT OF THE PRINCIPAL/ SUBSIDIARY STATE PARTNERSHIP FUND ... ...

In shares of:
(*i*) Central co-operative banks ...
(*ii*) Primary agricultural credit societies
(*iii*) Other societies ... ...

6. ADVANCES†:
(*i*) Short-term loans, cash credits, overdrafts and bills discounted ...

Of which secured against:
(*a*) Government and other approved securities ... ...
(*b*) Other tangible securities at

CAPITAL AND LIABILITIES	Rs. P.	Rs. P.	PROPERTY AND ASSETS	Rs. P.	Rs. P.
4. DEPOSITS AND OTHER ACCOUNTS:			Of the advances, amount due from individuals		
(*i*) Fixed deposits*					
(*a*) Individuals** ...					
(*b*) Central co-operative banks					
(*c*) Other societies			Of the advances, amount overdue		
(*ii*) Savings Bank Deposits ...					
(*a*) Individuals**			Considered bad and doubtful of recovery ...		
(*b*) Central co-operative bank			(*ii*) Medium-term loans		
(*c*) Other societies			Of which secured against:		
(*iii*) Current deposits					
(*a*) Individuals**			(*a*) Government and other approved securities		
(*b*) Central co-operative banks			(*b*) Other tangible securities at ...		
(*c*) Other societies					
(*iv*) Money at call and short notice					
5. BORROWINGS†			Of the advances, amount due from individuals		
(*i*) From the Reserve Bank of India/State/Central co-operative bank:			Of the advances, amount overdue:		

*"Fixed deposits" will include reserve fund deposits of societies, employees provident fund deposits, staff security deposits, recurring deposits, cash certificates, etc.

**Under the item "individuals" deposits from institutions other than co-operative banks and societies may be included.

†"Borrowings" and "Advances".—Short-term loans will be for periods up to 15 months, medium-term loans from 15 months to 5 years and long-term loans over 5 years.

Of (*iii*) above, held by

(*a*) Individuals ... ...
(*b*) Co-operative institutions ...
(*c*) State Government ... ...

2. RESERVE FUND AND OTHER RESERVES ... ...
(*i*) Statutory Reserve ... ...
(*ii*) Agricultural (Credit Stabilization Fund) ... ...
(*iii*) Building Fund ... ...
(*iv*) Dividend Equalization Fund ...
(*v*) Special Bad Debts Reserve ...
(*vi*) Bad and Doubtful Debts Reserve
(*vii*) Investment Depreciation Reserve ... ...
(*viii*) Other Funds and Reserves (to be specified) ... ...

3. JOINT AL/SUBSIDIARY STATE PARTNERSHIP FUND ACCOUNT ...
For share capital of:
(*i*) Central co-operative banks ...
(*ii*) Primary agricultural credit societies ... ...
(*iii*) Other societies ... ...

Market value Rs. ... .
(*ii*) Other Trustee securities ... ...
(*iii*) Shares in co-operative institutions other than in item (5) below ...

(*iv*) Other investments (to be specified) ...

5. INVESTMENTS OUT OF THE PRINCIPAL/ SUBSIDIARY STATE PARTNERSHIP FUND ... ...

In shares of:
(*i*) Central co-operative banks ...
(*ii*) Primary agricultural credit societies
(*iii*) Other societies ... ...

6. ADVANCES†:
(*i*) Short-term loans, cash credits, overdrafts and bills discounted ...

Of which secured against:
(*a*) Government and other approved securities . ...
(*b*) Other tangible securities at

CAPITAL AND LIABILITIES	Rs. P.	Rs. P.	PROPERTY AND ASSETS	Rs. P.	Rs. P.
Of which secured against : ...			10. PREMISES LESS DEPRECIATION ...		
(A) Government and other approved securities ...			11. FURNITURE AND FIXTURES LESS DEPRECIATION		
(B) Other tangible securities at			12. OTHER ASSETS (to be specified) ...		
(c) Long-term loans					
Of which secured against : ...					
(A) Government and other approved securities ...					
(B) Other tangible securities at			13. NON-BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS (stating mode of valuation)		
(iii) From the State Government			14. PROFIT AND LOSS		
(a) Short-term loans					
Of which secured against					
(A) Government and other approved securities					
(B) Other tangible securities at ...					
(b) Medium-term loans					
Of which secured against :					
(A) Government and other approved securities					
(B) Other tangible securities at					

(*a*) Short-term loans, cash credits and overdrafts ...
Of which secured against ...
(A) Government and other approved securities
(B) Other tangible securities at . ...
(*b*) Medium-term loans of which secured against :
(A) Government and other approved securities ...
(B) Other tangible securities at . ...
(*c*) Long-term loans of which secured against :
(A) Government and other approved securities ...
(B) Other tangible securities at . ...

(*ii*) From the State Bank of India.
(*a*) Short-term loans, cash credits and overdrafts ...
Of which secured against :
(A) Government and other approved securities ...
(B) Other tangible securities at . ...
(*b*) Medium-term loans ...

Considered bad and doubtful of recovery .

(*iii*) Long-term loans
Of which secured against :
(*a*) Government and other approved securities ... ...
(*b*) Other tangible securities at ...

Of the advances, amount due from individuals ... ...
Of the advances, amount overdue ... ...
Considered bad and doubtful of recovery ...

7. INTEREST RECEIVABLE :
Of which overdue...

Considered bad and doubtful of recovery ...

8. BILLS RECEIVABLE BEING BILLS FOR COLLECTION AS *per contra* ... ...———————

CAPITAL AND LIABILITIES			PROPERTY AND ASSETS		
	Rs. P.	Rs. P.		Rs. P.	Rs. P.
CONTINGENT LIABILITIES					
(i) Outstanding liabilities for guarantees issued					
(ii) Others					
TOTAL ...					

at "Other tangible security" will include borrowings against gold and gold ornaments, repledge of goods, mortgage of land, etc.

General Instructions.—The corresponding figures (to the nearest rupee, if so desired) for the year immediately preceding the year to which the balance-sheet relates should be shown in separate columns.

(c) Long-term loans
Of which secured against:
(A) Government and other approved securities
(B) Other tangible securities at ... ...
(iv) Loans from other sources (source and security to be specified) _____

6. BILLS FOR COLLECTION BEING BILLS RECEIVABLE AS *per contra* _____

7. BRANCH ADJUSTMENTS ... ... _____

8. OVERDUE INTEREST RESERVE _____

9. INTEREST PAYABLE ... ... _____

10. OTHER LIABILITIES ... ...
(i) Bills payable ... ...
(ii) Unclaimed dividends ... ...
(iii) Suspense ... ...
(iv) Sundries ... ...

11. PROFIT AND LOSS
Profit as per last balance-sheet *Less* appropriations
Add profit for the year brought from the Profit and Loss Account _____

TOTAL

TOTAL ..

FORM B

FORM OF PROFIT AND LOSS ACCOUNT

Profit and loss account for the year ended.....

EXPENDITURE	Rs. P.	Rs. P.	INCOME	Rs. P.	Rs. P.
1. Interest on deposits, borrowings etc			1. Interest and discount		
2. Salaries and allowances and provident fund			2 Commission, exchange and brokerage		
3. Directors' and local committee members' fees and allowances ...			3. Subsidies and donations		
4. Rent, taxes, insurance, lighting, etc.			4. Income from non-banking assets and profit from sale of or dealing with such assets		
5. Law charges					
6. Postage, telegrams and telephone charges					
7. Auditor's fees			5 Other receipts		
8. Depreciation on and repairs to property			6. Loss (if any)		
9. Stationery, printing and advertisement, etc.					
10. Loss from sale of or dealing with non-banking assets					
11. Other expenditure					
12. Balance of profit					
TOTAL			TOTAL		

General Instructions.—The corresponding figures (to the nearest rupee, if so desired) for the year immediately preceding the year to which the profit and loss account relates should be shown in separate columns''.'.

STATEMENT OF OBJECTS OF REASONS

The provisions of the Banking Companies Act, 1949 are not now applicable to or in relation to co-operative banks. The deposits and working funds of co-operative banks are now so large that the extension of the more important provisions of the Banking Companies Act, 1949 (and of certain other allied provisions of the Reserve Bank of India Act, 1934) to these banks will be in the public interest, The Bill seeks accordingly to extend to the State co-operative banks, the central co-operative banks and the more important primary non-agricultural co-operative banks certain provisions of the existing Central laws which are relatable to "banking"

2. The notes on clauses explain in detail the various provisions of the Bill.

NEW DELHI,
The 3rd December, 1964. T.T. KRISHNAMACHARI.